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FROM	NAME & TITLE	Henry J. Raymond, Director <i>H. Raymond</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (396-4940)		
	SUBJECT	Non-Profit Assessment Agreement July 1, 2016 through June 30, 2026		

TO

The Honorable President and Members
of the Board of Estimates
Room 215, City Hall

DATE:

May 31, 2016

Dear Mr. President and Members:

ACTION REQUESTED OF B/E:

We respectfully request the Honorable Board of Estimates to approve the non-profit assessment agreement with certain non-profit organizations for the period of July 1, 2016 through June 30, 2026. This agreement requires an annual payment of \$6,000,000 per year to the City of Baltimore. The total payment to the City over the ten year life of the agreement is \$60,000,000.

AMOUNT OF MONEY AND SOURCE OF FUNDS:

N/A

BACKGROUND/EXPLANATION:

The City of Baltimore desires to enter into an assessment agreement with the member institutions of the Maryland Hospital Association ('MHA') and the Maryland Independent College and University Association ('MICUA') residing in the City of Baltimore and identified on the attached Schedule A, Annual Non-Profit Assessment, whereby special assessments will be paid by the Members to help assist the City's delivery of services. The aggregate amount of the special assessment payments, paid by all Members, shall be \$6,000,000 annually for the period July 1, 2016 through June 30, 2026.

This agreement is intended to establish an assessment payment mechanism through which nonprofit organizations can further contribute to essential City services while at the same time preserve their tax-exempt status.

BALTIMORE CITY RESIDENTS FIRST (BCRF):BCRF applicable: ☒ yes ☐ no

BCRF Certification Statement completed and returned to Agency:

☒ yes ☐ no

APPROVED BY BOARD OF ESTIMATES

Bernice H. Taylor
Clerk Date
JUN 1 2016

**Memorandum of Understanding Between the City of Baltimore and Certain
Members of the Maryland Hospital Association and the Maryland
Independent College and University Association Concerning the
FY 2017 – FY 2026 Nonprofit Assessment Agreement**

May 4, 2016

1. The City of Baltimore (the 'City') hereby enters into a Memorandum of Understanding ('MOU') with the member institutions of the Maryland Hospital Association ('MHA') and the Maryland Independent College and University Association ('MICUA') residing in the City of Baltimore and identified in the Nonprofit Assessment Agreement ('Members') whereby special assessments will be paid by the Members to help assist the City's delivery of services. The aggregate amount of the special assessment payments, paid by all Members, shall be \$6.0M annually for the period from FY 2017 through FY 2026.
2. The Members have determined the incidence of the special assessments payments across their membership as well as the schedule of payments to be provided by the Members. The payments are memorialized in the Nonprofit Assessment Agreement in the form attached thereto as Schedule A.
3. To provide maximum certainty, during the term of the MOU, the City and the Mayor acknowledge that they will not request nor seek to impose, nor will the Members be expected to offer, new taxes or assessments on the Members and furthermore, they will not sign any ordinances that do so (with the exception of an increase in or establishment of a broad based tax such as the parking tax, or other broad based tax or fee that is not directed at the activities or holdings of nonprofit organizations generally or Nonprofit Participants specifically). In other words, the Members will only be subject to additional tax obligations that derive from increases in their activity levels on currently taxed activities (increased energy consumption, increased number of phone lines, or the like) or in the limited circumstances as specified in Paragraph 3 of the Agreement.
4. On July 1, 2010, the City increased the Energy Tax rate on non-profits by 33 1/3%, so that the Members are subject to an Energy Tax Rate of 8%. During the term of this MOU the City and the Mayor acknowledge they will not request nor seek to impose any further supplemental funds or additional tax revenues derived from increases to the energy tax rate. This rate will remain fixed at the current tax rate of 8% for the period of this MOU (through FY 2026).
5. On July 1, 2010, the City increased the Telecommunications Tax rate by 14.28%, so that the Members are subject to a telecommunications tax rate of \$.40 for Centrex lines and \$4.00 for all other lines. During the term of this MOU the City and the Mayor acknowledge they will not request nor seek to impose any further supplemental funds or additional tax revenues derived from increases to the telecommunications tax rate. This rate will remain fixed at the current tax rate of \$.40 per month for Centrex lines and \$4.00 per month for all other lines for the period of this MOU (through FY 2026).

6. To the extent the City increases assessments, taxes or fees contrary to the provisions in numbers 3, 4 or 5 of this Agreement, the Annual Nonprofit Assessment payment shall be reduced commensurate with the increases in taxes, payments or fees owed to the City by the Members.
7. MHA and MICUA agree to use reasonable efforts to assist the City in helping the Members understand their assessment payment obligations under the Nonprofit Assessment Agreement with respect to any members that are more than thirty (30) days delinquent.
8. The Nonprofit Assessment Agreement, which is attached hereto and incorporated herein, will be in the form agreed to by the Parties.
9. The Nonprofit Assessment Agreement outlines all other available remedies in the event of a default.
10. This agreement will operate for a period of ten years.

WITNESS

Date

[Signature] - 6/6/16
Chantal Helms 5/25/16
 Alternate

[Signature] 5/25/16

[Signature] 5/20/16

Mayor and City Council of Baltimore

By:

[Signature]
 Mayor Stephanie Rawlings-Blake

[Signature]
 Henry Raymond, Finance Director

[Signature]
 George A. Nilson, City Solicitor

[Signature]
 Carmela Coyle, President and CEO
 On behalf of the Maryland Hospital
 Association (MHA)

[Signature]
 Tina Bjarekull, President
 On behalf of the Maryland Independent
 College and University Association
 (MICUA)

APPROVED BY THE BOARD OF ESTIMATES:

[Signature]
 Date Clerk

JUN 1 2016

SCHEDULE A

Annual Nonprofit Assessment

Hospitals:

Bon Secours	\$74,880
JHH & JHBMC	\$1,399,972
MedStar Good Samaritan	\$149,348
MedStar Harbor Hospital	\$206,358
MedStar Union Memorial	\$202,616
Mercy Medical Center	\$226,208
Sinai LifeBridge	\$316,116
St. Agnes Health Care	\$190,462
UMMC	\$746,576
UM Midtown	\$183,582

Colleges and Universities:

Johns Hopkins University	\$1,860,426
Loyola University Maryland	\$329,630
Maryland Institute College of Art	\$69,554
Notre Dame of Maryland University	\$44,272

TOTAL	\$6,000,000
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